

ASSEMBLY BILL

No. 894

Introduced by Assembly Member Patterson
(Principal coauthor: Senator Vidak)

February 26, 2015

An act to add Section 17053.51 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 894, as introduced, Patterson. Personal income taxes: credit: education expenses.

The Personal Income Tax Law allows various credits against the taxes imposed by that law. Existing law requires any bill authorizing a new personal income tax credit to contain, among other things, specific goals, purposes, and objectives that the tax credit will achieve, detailed performance indicators, and data collection requirements, as provided.

This bill would, for taxable years beginning on or after January 1, 2016, allow a credit in an amount equal to 15% of the tuition paid or incurred during the taxable year by a taxpayer for education and training obtained by the taxpayer or a dependent of the taxpayer at a vocational institution, as defined, not to exceed \$2,500 per taxable year. The bill would also include that additional information required for any bill authorizing a new personal income tax credit.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 17053.51 is added to the Revenue and Taxation Code, to read:

17053.51. (a) For each taxable year beginning on or after January 1, 2016, there shall be allowed as a credit against the “net tax,” as defined in Section 17039, an amount equal to 15 percent of the tuition paid or incurred during the taxable year by a taxpayer for education and training obtained by the taxpayer or a dependent of the taxpayer at a vocational institution, not to exceed two thousand five hundred dollars (\$2,500) per taxable year.

(b) For purposes of this section, “vocational institution” means a private postsecondary institution that grants only certificates or associate degrees.

(c) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding seven years if necessary, until the credit is exhausted.

(d) (1) This credit shall not be allowed to a taxpayer who deducts the tuition paid or incurred by the taxpayer during the taxable year for education and training obtained by the taxpayer at a vocational institution as an ordinary and necessary business expense pursuant to Section 17201.

(2) This credit shall not be allowed to a taxpayer who pays for the tuition at a vocational institution with distributions from the taxpayer’s Golden State Scholarshare College Savings Account.

SEC. 2. For purposes of complying with Section 41 of the Revenue and Taxation Code, the Legislature finds and declares as follows:

(a) Specific goals, purposes, and objectives:

(1) Increase attendance at vocational institutions.

(2) Increase graduation and job placement rates from these institutions.

(3) Increase the amount of job seekers who are qualified for jobs in our current job market in in-demand fields, such as healthcare, information technology, and STEM fields.

(b) Performance indicators:

(1) Attendance statistics.

(2) Graduation and job placement rates.

1 (3) Unemployment rate (regarding job seekers who are able to
2 find a job in a fast-growing field).

3 (4) The success that companies in these high-demand fields
4 have in finding candidates in California who fit their needs.

5 (c) Data collection requirements and baseline measurements:

6 (1) The baseline measurements include:

7 (A) The current number of students in postsecondary vocational
8 education programs.

9 (B) The current graduation rates and placement rates in the
10 graduate's field of concentration.

11 (C) Information from companies in the fast-growing career
12 fields that these programs offer certificates or classes for, such as,
13 but not limited to, vocational nurses, pharmacy technicians, and
14 data analysts.

15 (2) Data to collect includes:

16 (A) The number of students in these programs after the tax credit
17 is put into place.

18 (B) How many students across the state took advantage of this
19 tax credit.

20 (C) How many of them obtained a job in their field of study.

21 (D) Data from employers in the fast-growing career areas
22 regarding whether the pool of candidates seeking a job at their
23 companies are more sufficiently qualified for these positions as a
24 result of this tax credit.

25 SEC. 3. This act provides for a tax levy within the meaning
26 of Article IV of the Constitution and shall go into immediate effect.